

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1535 – SB 1536

April 5, 2023

SUMMARY OF BILL: Provides that whenever Coffee County acquires property at a delinquent property tax sale, any non-governmental entity may enforce its contractual rights to such property only through the exercise of a lien. Requires Coffee County to pay contractual fees assessed against such property by the non-governmental entity if the county makes actual use of the property purchased at the tax sale.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Tennessee Code Annotated § 67-5-2501 provides that the county shall make the first bid on certain properties in a delinquent property tax sale, and if no other bids are received, the county becomes owner of the property.
- The proposed legislation applies to properties purchased by Coffee County at a delinquent property tax sale upon which a non-governmental entity has a contractual right.
- The non-governmental entity will enforce a lien for contractual rights to the property, resulting in the non-governmental entity taking possession of the property from Coffee County, but without Coffee County being required to pay any contractual fees owed on the property.
- In the ruling of *Travis v. Trustees of Lakewood Park v. Coffee County*, dated May 26, 2010, the Tennessee Court of Appeals found the county liable for payment of fees assessed by a non-government entity in excess of \$200,000.
- Removing Coffee County from liability for the payment of fees and assessments in certain circumstances will result in a decrease in local government expenditures; however, the precise decrease in local expenditures is dependent upon the amount of fees assessed by the non-governmental entity.
- Non-governmental entities enforcing a lien for contractual rights to a property purchased at a delinquent property tax sale by Coffee County will result in the removal of such property from the delinquent property tax roll and ultimately result in a decrease in local revenue for non-collection of delinquent property taxes owed on the property. The precise decrease in local revenue is unknown.
- While a precise decrease in local revenue and decrease in local expenditures for Coffee County is unknown, each impact to local government is estimated to be not significant.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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